(Preliminary draft)

United States Department of Agriculture
Agricultural Adjustment Administration
Washington, D. C.

August 4, 1938

The Federal-State Milk Program For New York

Questions and Answers

1. QUESTION: What is the purpose of the Federal-State program which the dairy industry is requesting for the New York metropolitan milk marketing area?

ANSWER: To help stabilize conditions in the New York milk market and to improve returns to the milk producers.

2. QUESTION: How is this program possible?

ANSWER: Through a marketing agreement and order issued by the Secretary of Agriculture of the United States together with an order issued by the New York State Commissioner of Agriculture and Markets.

3. QUESTION: What is a marketing agreement?

ANSWER: A marketing agreement is a voluntary contract between the Secretary of Agriculture and the handlers of milk who sign.

4. QUESTION: What is an order?

ANSWER: An order is a regulation issued for the purpose of making the program applicable to all handlers in the market. The Federal order embodies the provisions of the agreement. The State order contains the same provisions.

5. QUESTION: What is necessary before the Federal-State program can go into effect?

ANSWER: Most important is the fact that producers must vote their approval of the plan. The Federal marketing agreement and order may go into effect if handlers of more than 50 percent of the milk sold in the marketing area sign the agreement, and if at least two-thirds of the producers voting in the referendum approve the issuance of the Federal order. In the event the required number of handlers fail to sign the agreement, the order may go into effect with Presidential approval together with the required two-thirds producer vote. The State order requires a three-quarters vote before it can go into effect. Both the Federal and State orders must receive the required producer approval before the program as a whole can go into effect.

6. QUESTION: How was the program developed?

ANSWER: The program was developed by dairy farmers and cooperative organizations working through the Metropolitan Cooperative Milk Producers' Bargaining Agency. Public hearings on the plan were held jointly by the Secretary of Agriculture and the New York State Commissioner of Agriculture and Markets.

7. QUESTION: What part did the dealers play in preparing it?

ANSWER: Information presented by the dealers before, during, and after public hearings was taken into consideration.

8. QUESTION: How long has it taken to develop the program?

ANSWER: Approximately 8 months.

9. QUESTION: Why has it taken so long?

ANSWER: Because of the complexity of the problem and the attempt to bring about a program which would as nearly as possible fit the needs of the market.

10. QUESTION: Why is the order so long?

ANSWER: Since the marketing of milk in an area as large as New York is a complicated problem, the order must be so worded as to apply to the many varying conditions. The obligations imposed must be fully and accurately defined in the order so as to prevent evasion and stand the test in the courts.

11. QUESTION: Who is a producer as defined in the order?

ANSWER: A producer is any person who produces milk which is delivered to a handler at a plant approved by any health authority for the receiving of milk to be sold in the marketing area.

12. QUESTION: What is the meaning of the word "handler"?

ANSWER: Handler means any person who engages in the handling of milk, or cream which was received at a plant approved by any health authority for the receiving of milk to be sold in the marketing area.

13. QUESTION: Does the term handler include cooperative associations?

ANSWER: Yes, as applied to any milk received from producers at any plant operated by a cooperative association, or with respect to any milk which it causes to be delivered from producers to any other handler for the account of such association and for which such association collects payment.

14. QUESTION: Are persons engaged in the handling of milk not received from producers considered as handlers?

ANSWER: No, neither are persons who handle milk or cream all of which is sold outside the marketing area.

15. QUESTION: Are producers required to file reports under the order?

ANSWER: No. Reports are required only from handlers.

16. QUESTION: Does the order regulate producers in their capacity as producers in any way?

ANSWER: No. Handlers only are regulated under its provisions.

17. QUESTION: Why cannot the State regulate the metropolitan New York milk market without the assistance of the Federal Government?

ANSWER: Because the Supreme Court of the United States has ruled that while a State can regulate the handling of milk produced within that State, such regulations cannot apply to milk moving in the current of interstate commerce.

18. QUESTION: Who would be directly responsible for the administration of the program?

ANSWER: The market administrator.

19. QUESTION: By whom would he be selected?

ANSWER: By the Secretary of Agriculture and the New York State Commissioner of Agriculture and Markets.

20. QUESTION: What would be his principal duties?

ANSWER: Receiving reports from handlers, computing prices to be paid producers, assuring proper payments to producers, and checking on the accuracy of reports and payments made by handlers.

21. QUESTION: Is the authority of the market administrator strictly prescribed in the order?

ANSWER: Yes. His duties are definitely stated and the scope of his work clearly indicated.

22. QUESTION: How would the expense in connection with the administrator's office be met?

ANSWER: By an assessment on handlers of not more than 2 cents per hundredweight of milk utilized in Classes I, II-A, and II-B under the terms of the order.

23. QUESTION: Would this assessment be made as a deduction from producers' checks?

ANSWER: No. It would be paid by handlers in addition to the price paid producers as fixed in the order.

24. QUESTION: What provision has been made for violations?

ANSWER: Specific procedure for enforcement of the program in the Courts is provided for under the Federal and State laws.

25. QUESTION: Would the market administrator be placed under bond?

ANSWER: Yes. For protection against losses through possible irregularity, he is required to furnish bond commensurate with his financial responsibility.

26. QUESTION: Under what authority do State and Federal agencies act in exercising regulation in the milk industry?

ANSWER: Laws passed by the Legislature of the State of New York and the Congress of the United States.

27. QUESTION: Just which laws?

ANSWER: The New York State Rogers-Allen Act and the Federal Agricultural Marketing Agreement Act of 1937.

28. QUESTION: Have there been other attempts by the State of New York to regulate the New York milk market?

ANSWER: Yes. The latest attempt terminated in March 1937 because the State regulations could not apply to milk shipped in from other States.

29. QUESTION: How would the Federal order overcome the problem which the State encountered in dealing with milk which moves in interstate commerce?

ANSWER: By complementing the State order and thus providing a complete program under which intrastate and interstate milk will be subject to identical regulations.

30. QUESTION: How may the present provisions of the program be changed?

ANSWER: They are subject to modification by amendment, suspension, or termination in accordance with the provisions of the respective State and Federal Acts.

31. QUESTION: Can producers secure termination of the order?

ANSWER: Yes, at the request of producers of more than 50 percent of the milk.

32. QUESTION: Is the plan established by the order an experiment?

ANSWER: No. The basic features of the plan are those which have developed out of approximately 25 years of cooperative marketing experience.

33. QUESTION: How does the program tend to increase the purchasing power of producers?

ANSWER: In two ways: First, by establishing minimum producer prices which are in line with market conditions for each class of milk according to its use; and second, by requiring that not less than such minimum prices be paid for all milk received from producers by handlers under the order.

34. QUESTION: Why does the order provide that milk be classified on the basis of its use?

ANSWER: Because that method is generally recognized as the only fair basis on which milk should be purchased.

35. QUESTION: What assurance is there that milk sold to handlers under the order will be properly classified?

ANSWER: The market administrator is required to verify all reports received from handlers as one of his duties in administering the program. Handlers must make available to the market administrator all records and facilities so that a complete check may be made on these reports which show receipts and utilization of milk delivered by producers at handlers' plants.

36. QUESTION: Why does the order provide for so many classes of milk?

ANSWER: To enable producers to receive the highest return from milk according to the use which handlers make of it.

37. QUESTION: Does the program throw open the metropolitan New York market to milk produced anywhere in the United States?

ANSWER: No. As in the past, the health departments in the area must approve or reject plants supplying milk to the market. The program merely provides for the pricing of milk delivered by producers to plants approved by the health authorities.

38. QUESTION: Are producers required to control the production of milk under the order?

ANSWER: No. Under the laws provided for issuance of State and Federal orders, there are no provisions for production control.

39. QUESTION: To what extent will producers receive a uniform price for milk?

ANSWER: Milk of the same quality produced in the same mileage zone and sold to handlers for sale in the marketing area will command the same price.

40. QUESTION: How will producers shipping the same quality of milk under similar conditions share in the benefits of the fluid milk market?

ANSWER: They will share equally in such benefits through the operation of a market-wide pool which makes it possible for handlers to pay producers on the basis of all fluid milk sales in the market.

41. QUESTION: How is the burden of surplus in the market shared among producers?

ANSWER: Producers will share equitably in the burden of surplus milk in the market also through the operation of a market-wide pool.

42. QUESTION: Would dealers be prohibited from paying producers more for milk than the minimum price to producers as computed under the order?

ANSWER: No. The prices established are minimum prices and dealers may pay their producers more than the order requires.

43. QUESTION: Under the provisions of the order, is the producer permitted to sell his milk where he pleases?

ANSWER: Yes. The responsibility for selling his milk remains entirely with the producer.

44. QUESTION: Are resale prices established under the order?

ANSWER: No. Neither the State nor Federal order provides for establishment of resale prices. Such prices are left to be fixed by the forces of competition.

45. QUESTION: To what extent does the order prevent a minority group of handlers from destroying the general marketing program?

ANSWER: The order applies alike to every handler who receives milk from producers at plants approved by any health authority for the receiving of milk to be sold in the marketing area.

46. QUESTION: How does the program affect cooperatives?

ANSWER: It is intended to supplement and strengthen the position of cooperatives in the market.

47. QUESTION: Have the interests of the consumer been considered in the development of the program?

ANSWER: Yes. Under the law consideration must be given to the interests of consumers. A stabilized market safeguards the

interests of consumers and assures an adequate supply of wholesome milk which can be sold at prices reasonable to consumers.

48. QUESTION: Can the Federal-State program greatly help the dairy industry without the cooperation of that industry?

ANSWER: No. The policy of Government is to help the industry to help itself.